



February 26, 2019

Re: Vote "No" on S.B. 121 – the Controlled Business in Title Insurance Repeal

Dear Senator:

I am the Executive Director of the National Association of Independent Land Title Agents (NAILTA) and I write to you on behalf of our members in Utah and the independent land title agents who perform title insurance business within the state. **Our organization opposes S.B. 121** known by title as, "the Controlled Business in Title Insurance Repeal" bill.

Controlled business arrangements (or CBAs) are well-known real estate kickback conduits that unnecessarily increase the costs of title insurance and real estate settlement for homeowners. As a result, passage of S.B. 121 will operate as a kind of real estate consumer tax increase funded by opaque kickbacks that every Utah homeowner who closes with a CBA will unwittingly pay. We urge the Utah General Assembly to join us in opposing S.B. 121.

When a title insurer who appoints CBAs files to use a particular title insurance risk rate in Utah, that insurer uses the cost of referral paid to a referral source such as a realtor, mortgage company, or bank, as a risk rate price point. Insurers then file rates that account for the cost of referrals paid by agents. CBA title agents pay realtors, banks and mortgage companies for business referrals out of their business revenues and profits. Rather than pass those costs to consumers through higher non-premium fees which would draw the attention and scrutiny of the Utah Insurance Department, the title insurers pass the cost of referral to consumers through higher risk rates.

The Utah legislature wisely limited the extent to which these known practices could harm consumers when initially creating Sec. 31A-23a-503. Passage of S.B. 121 will now undo that protection and impose a hidden and unnecessary tax on Utah real estate consumers. We urge you to vote no on S.B. 121.

I would be happy to provide greater detail on our opposition to the bill and would welcome the opportunity to testify in committee, as necessary. Utah homeowners deserve to know what is at stake when being unknowingly steered to a controlled business arrangement.

Yours truly,

Robert B. Holman, Esq.
Executive Director